

COUNTY DURHAM AND DARLINGTON FIRE AND RESCUE SERVICE

At a **MEETING** of the **AUDIT AND RISK COMMITTEE** held at Fire Service Headquarters, on **22 May 2018 at 10.00 am**.

PRESENT: Cllr J Turnbull in the Chair
DURHAM COUNTY COUNCIL: Cllrs D Bell, and L Marshall

OFFICERS: T Hope

AUDIT: S Carter and C Dearden

Item

1 Apologies

Apologies were received from Cllr D Bell and from M Kirkham of Mazars

2 Minutes of the Previous Meeting

The minutes of the previous meeting held on 22 February 2018 were agreed as a true and accurate record.

3 Corporate Governance Action Plan Update

T Hope presented an update of the progress being made in relation to the actions arising from the Corporate Governance Action Plan and advised that Appendix A, which reflects the position in relation to the action points as at 31 March 2018, will form part of the Annual Governance Statement which will be presented to the meeting in July.

The group considered and discussed the findings and associated risks with the plan.

T Hope advised that the savings incorporated into the medium term financial plan and approved by the CFA in 2017 have resulted in a balanced budget for 2017/18 and that, should the two trials resulting from the emergency response review be implemented, efficiency savings will be sufficient to create a balanced budget in 2019/20.

ACTION: Members **noted** the contents of the report and the ongoing work in relation to the corporate governance arrangements of the Authority.

4 Corporate Risk Register Update

T Hope provided members with the details of the corporate risk register as at 31 March 2018. There were eight risks on the risk register. Changes to the register were summarised and discussed as follows:

No risks had been closed, no new risks had been added and no risks had been removed from the register.

One risk had increased in severity

- **Risk 224** – Failure to respond effectively and provide services due to Industrial Action.

The residual score has been increased to reflect the fact that the new National Framework requires all national resilience assets to be available 24/7 including during periods of industrial action.

Members discussed the status and progress of all risks within the report.

ACTION: Members **considered** the corporate risk register report and **noted** the current position.

5 Internal Audit Progress Report

S Carter advised members on the detailed work undertaken by Internal Audit between 01 April 2017 and 31 March 2018.

The Committee considered the progress against planned work, amendments to the annual audit plan, along with the audit recommendations and work to prepare for the Annual Governance Statement.

It was noted that there were no outstanding management responses to draft reports, no reports issued with limited assurance opinion and no unplanned work carried out in the quarter.

The summary of agreed target performance indicators was considered.

ACTION: Members **noted** the report.

6 Fraud and Corruption Annual Report

S Carter informed and provided assurances to members of the results of the work being undertaken in order to identify, control and prevent fraud and corruption, drawing the group's attention to paragraph 10 which outlines Senior Officers responsibilities in establishing sound systems of internal control.

Following the National Fraud Initiative (NFI) data matching exercise in October 2016, no instances of fraudulent activity by CDDFRS employees, pensioners or their representatives were identified. Eleven errors highlighting potential weakness in relevant CDDFRS or DCC systems of control and/or procedures were identified, being:

1. One employee had failed to make a declaration of interest relating to involvement with a trade creditor.
2. 10 duplicate creditor records were closed.

The next data matching exercise is due to take place in October 2018.

S Carter advised that whilst following the abolition of the Audit Commission, the fraud and corruption survey covering the whole of local government is no longer a mandatory requirement, it does provide a reliable framework against which fraud can be analysed and categorised. Following discussion with the Head of Corporate Resources no instances of fraud were identified as occurring during 2017/18.

ACTION: Members **noted** the progress made and assurances provided in relation to the Authority's anti-fraud and anti-corruption arrangements.

7 Internal Audit Plan 2018/19

Members were presented with the details of the internal audit plan for the period 01 April 2018 to 31 March 2019, which had been agreed with the service leadership team on 17 April 2018.

The internal audit plan will deliver 71 productive audit days in 2018/19, in line with the Service Level Agreement (SLA) with the Authority. The scope of the planned audit reviews were explained to the committee.

ACTION: Members agreed the Internal Audit Plan for 2018/19.

8 External Audit Progress Report

C Dearden presented the report which updated the committee on the results of 2017/18 planning reflected in the Audit Strategy Memorandum reported to the meeting in February 2018, together with an update on the revised value for money conclusion guidance set out by the National Audit Office. Early detailed testing of the expenditure and journals has been undertaken and no issues are reported. The fieldwork stage of the audit will commence in July 2018.

C Dearden drew attention to the latest quarterly 2017/18 monitoring report which highlights full compliance with the Regulator's standards for Mazars LLP.

ACTION: Members noted the report.

9 External Audit Fees

C Dearden presented the fees for external audit 2018/19 and advised that, although there will be no changes to the work programme and audit approach for the year, as a result of bulk procurement of opted in bodies, fees will be reduced by £6,642 plus VAT, from £28,877 to £22,235 plus VAT.

ACTION: Members noted the letter.